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C O N F I D E N T I A L SECTION 01 OF 03 MUSCAT 000618

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STATE FOR NEA/ARPI
NSC FOR N. RAMCHAND

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SUBJECT: SCENESETTER FOR VISIT OF FM YUSUF BIN ALAWI

REF: A. MUSCAT 590
B. MUSCAT 603
C. MUSCAT 554
D. 05 MUSCAT 1647

Classified By: Ambassador Gary A. Grappo. Reason: 1.4 (b, d).

11. (C) Minister Responsible for Foreign Affairs Yusuf bin Alawi will be in Washington, DC, approximately April 20-25 for meetings with Secretary Rice, Secdef Rumsfeld, USTR Portman and other Administration and Congressional officials, optimally to include Vice President Cheney. Secretary Rice last met with the Minister in meetings with GCC FMs both in Abu Dhabi on February 23, and September 19 on the margins of the UN General Assembly in New York. Bin Alawi also attended Vice President Cheney's December 20 call on Sultan Qaboos in Muscat. The Minister's visit this year coincides with Congressional consideration of the U.S.-Oman Free Trade Agreement, which was signed on January 19.

Time to Tighten Security

12. (C) Physical security in Oman is perhaps the most lax of any country on the Arabian Peninsula. While Oman has suffered no terrorist attacks in the past decade, it would be foolhardy to believe they can retain that unblemished record indefinitely. However quietly they go about it, Oman is well known to enjoy tight military and security relations with Coalition nations. Even the dismantling of terrorist plots inside Oman have yet to thoroughly shatter Omanis' illusions that, by keeping a low security profile, they will somehow elude the further attentions of al-Qaeda and like-minded extremists. Every hotel in Oman is vulnerable to VBIED's, and not one boasts so much as a metal detector at entrances. Many government buildings are similarly exposed. The Omani government fears that visible security efforts would harm Oman's reputation as a haven of safety and security, and hamper efforts to attract tourists. As Ambassador, I plan to make it a regular talking point in my meetings with Omani officials that they need to take physical security more seriously. Bin Alawi should hear this in Washington as well.

Iran, PSI

13. (C) Under Secretary of State Robert Joseph met with Bin Alawi in Muscat on April 9 in the first high-level strategic dialogue on Iran since the Secretary's meeting with GCC FM's in Abu Dhabi (ref A). While speaking somewhat more candidly than usual, Bin Alawi made clear that Oman is deeply worried about the direct impact any potential conflict with Iran might have on Oman and the shipping lanes in the strategic Strait of Hormuz. As a senior MFA official summarized more succinctly afterwards (ref B), Oman is capable of taking a tough stance against its considerably larger northern neighbor, but must be satisfied that every possible alternative to achieve a peaceful resolution has been explored before embarking on a path toward possible military confrontation. With population centers; oil, gas, water, and electricity infrastructure; industrial nodes and key military facilities all within easy Iranian striking range, Washington should reassure the Minister at every opportunity that the USG appreciates Oman's vulnerabilities. That said, we must overcome Oman's reluctance to possibly irritate Iran in order to win greater Omani engagement with U.S. and Coalition partners on counterproliferation (for instance, through the Proliferation Security Initiative), denial and interdiction efforts, information sharing, and defensive measures. We must also convince Bin Alawi that the U.S. and EU strategy with Iran, to include action within the UN Security Council, offers the best hope of forcing Iran to abandon its efforts to acquire WMD. The Minister, however, is sensitive to the high degree of post-Iraq Omani public skepticism toward Western allegations of WMD in Iran, and of the utility of imposing international sanctions to change Iranian behavior. Given the unsavory alternative of military confrontation, Bin Alawi will press hard for greater direct dialogue with Tehran, including Western concessions and enticements.

FTA: Important, But Not Bin Alawi's Strong Suit

14. (C) USTR believes there is strong Senate support for the U.S.-Oman Free Trade Agreement, but members of the House Ways and Means Committee are still hashing out a compromise on additional Omani guarantees (particularly in the area of labor rights) before passage in the House can be assured. Bin Alawi timed his visit to Washington to coincide with Congress's return to work. As trade issues are not the Minister's bailiwick, it is likely best not to engage him too deeply on the subject of FTA. Nevertheless, he is a strong backer of the FTA within the Council of Ministers. Executive branch officials should continue to reassure the Minister of the Administration's commitment to FTA ratification and implementation, and to thank the Omani government for the reforms it has undertaken or agreed to in order to secure Congressional approval.

Israel, Palestine and Hamas

15. (C) Bin Alawi and other senior Omani officials continue to have regular telephonic contact with the Israeli government, and to receive Israeli officials from time to time for in-person consultations. A strong and longtime supporter of the Israeli-Palestinian peace process, Bin Alawi will nevertheless criticize Israel's penchant for unilateral action, call for efforts to shore up support for President Abbas, and argue for the West to give the new Hamas-led government political breathing space for making the momentous decision to renounce violence and embrace recognition and direct dialogue with Israel. He and other Omani officials received traveling Hamas political chief Khalid Meshal on April 3-4 (ref C), and came away optimistic that Hamas can be tamed through engagement and dialogue. Bin Alawi feels that the way to force Hamas to change would be for it to join the PLO, thereby assuming the PLO's previous commitments to Israel. That said, Oman contributes only a small share of the Arab League's financial support to Palestine, and funnels most of its aid to non-governmental organizations rather than the Palestinian Authority.

Iraq

16. (C) Though Bin Alawi and other Omani officials warned the U.S. against waging war in Iraq, the Sultanate has provided key support to U.S. forces during OIF and has lent its political support to Iraq's post-war transition. Oman is not a major financial donor, however; it plans, for instance, to spend its Iraq reconstruction pledge of \$5 million on building a new Iraqi embassy in Muscat. Oman has not yet reopened its mission in Baghdad; nor is it expected to do so soon. The continuing insurgency in Iraq has severely retarded progress in expanding Omani-Iraqi commercial and social ties. Despite popular opposition to Coalition involvement in Iraq, the Omani government continues to take a moderate, responsible line. Oman does not advocate the withdrawal of U.S. and Coalition forces until security can be safely placed in Iraqi or other hands. Bin Alawi joins a long line of others who are impatient with Iraqi sectarianism and with the inability to form a new government. He will warmly support Washington's openness to U.S.-Iranian dialogue on Iraq's security.

Syria

17. (C) Last November, Bin Alawi was anxious to discuss with Secretary Rice an overture Syria's then-Foreign Minister made

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to him about repairing Damascus-Washington relations (ref D). Despite Oman's historically strained relations with Syria, Bin Alawi saw this as an opportunity to reduce another source of U.S.-Arab tensions. It is unlikely, however, that Bin Alawi will pursue the matter further in this visit. He will be sympathetic to U.S. calls that Syria cease its interference in Lebanon and better control its frontier with Iraq.

Reform, Democratization, Human Rights

18. (C) Sultan Qaboos took an early lead among his GCC peers in establishing a consultative parliament, instituting competitive elections with universal adult suffrage, and proactively giving women a greater role in government (four women hold ministerial rank in his government), but the pace

of further progress has been frustratingly slow. With the notable exception of recent substantial reforms in labor rights (spurred by our FTA process), Oman continues to be among the most conservative states with regard to its muzzled press, rigidly constrained civil society, absence of political parties, and a parliament devoid of genuine legislative authority. While Oman has fairly broad engagement with the Middle East Partnership Initiative, reform of the press, civil society and parliament continues to lag. Though some observers have thought that Sultan Qaboos aspired to a democratic, constitutional monarchy form of government, Oman seems to more closely resemble the Asian paradigm of vibrant economies but politically constrained societies. While Bin Alawi may point to Palestine or Kuwait as examples where democratic liberties can lead to conservative or Islamist retrenchment, he should be reminded of the USG's firm belief that political reform offers Oman the best hope of long-term social stability. With parliamentary elections slated for fall 2007, Bin Alawi should be encouraged to allow MEPI-funded technical and campaign assistance for that process.

Military, Border Security Engagement

19. (C) FM Bin Alawi is not deeply engaged in our mil-to-mil relations. That said, bilateral relations in that realm are strong and getting stronger. Though not a declared Coalition partner, Oman remains a key friend and ally in the Global War on Terrorism and provider of logistical support for U.S. forces in-theater; it nevertheless prefers to maintain a low profile and has declined to deploy its own forces in support of OIF or OEF. It is the sole GCC state not to have a liaison officer at CENTCOM, an omission we urge Oman to correct. We have delivered the first three of twelve F-16s purchased by Oman, with the remainder due for delivery by the end of this year. Oman has not yet signed on to NATO's Istanbul Cooperative Initiative (ICI), though it continues to study the offer closely. Having existing close engagement with the U.S. and UK, Oman questions whether NATO's ICI adds any further value. We have had a Base Access Agreement with Oman since 1980, renewable on a 10-year cycle.

10. (C) As alluded above, Oman is a quiet supporter of the Proliferation Security Initiative, but we must encourage its more active and public engagement with PSI. Bin Alawi signed an Article 98 agreement with us in 2004, and we are close to reaching a host country agreement on challenge inspections under the Chemical Weapons Convention. In November 2005, Oman became the first country to sign a joint Container Security Initiative/Megaports Initiative Declaration of Principles with the Departments of Homeland Security and Energy. The measure allows U.S. Customs inspectors to scan U.S.-bound cargo containers in the Port of Salalah, and permits placing passive radiation detectors in Omani ports.

11. (C) The Departments of State and Defense have a number of ongoing training and equipment programs designed to help Oman better defend its land and maritime frontiers from potential narcotics and terrorist exploitation, and to respond to terrorist events. The Royal Oman Police and Coast Guard were recently allotted \$4.3 million for communications upgrades under Article 1004 of the Defense Authorization Act.
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